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In Search of the Elusive Sweet Spot**

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It was barely a year ago that the United States (U.S.) Senate passed a resolution calling for decentralization of power in Iraq to three separate regions, one for each of Iraq's major ethno-sectarian communities. This vision of Iraq's future, championed by then-U.S. Senator Joseph R. Biden, Jr. managed to unite many Republicans and Democrats, passing the Senate by a vote of 75 to 23. It also united a rare alliance of academic Iraq specialists, the Arab League, the Bush administration, and almost every Iraqi political faction outside Kurdistan, all of whom agreed that such a move would court disaster. In one of the more diplomatic critiques of the proposal, the U.S. embassy in Baghdad argued that "attempts to partition or divide Iraq ... into three separate states would produce extraordinary suffering and bloodshed. The United States has made clear our strong opposition to such attempts."<sup>1</sup> "Sociologically and politically illiterate" was one historian's less charitable take on the idea.<sup>2</sup>

Biden and his supporters fired back that what they were proposing was not partition, but rather federalism, which was already provided for by Iraq's new constitution.<sup>3</sup> But federalism, it seems, is in the eye of the beholder. When it comes to Iraqi politics, almost everyone speaks the language of federalism. But the term conceals deep disagreements over the proper distribution of power and resources.

With the recent dramatic improvements in Iraq's security environment, calls to partition the country have receded. Indeed, concerns about over-centralization of power in Baghdad now rival concerns about fragmentation. But whatever the balance of concerns, it is clear that fundamental questions about the structure of the Iraqi state remain unresolved. Will any more semi-autonomous regions like Kurdistan be formed, as the constitution allows? How exactly will power be divided across federal, regional, and provincial governments? Who will control and manage which parts of Iraq's oil wealth? And most important, when the answers to these questions reveal themselves, will they add up to a future for Iraq that is stable and democratic?

The coming new year will shine a bright light on these questions, as Iraq's Strategic Framework and Status of Forces agreements with the United States usher in a new era in Iraq.

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<sup>1</sup> U.S. Department of State, "Statement by the U.S. Embassy on the U.S. Administration's Policy toward Iraq," September 30, 2007.

<sup>2</sup> Toby Dodge, "Seven Questions: Is the Surge Working in Iraq?" *Foreign Policy*, September 26, 2007, [http://www.foreignpolicy.com/articles/2007/09/25/seven\\_questions\\_is\\_the\\_surge\\_working\\_in\\_iraq](http://www.foreignpolicy.com/articles/2007/09/25/seven_questions_is_the_surge_working_in_iraq).

<sup>3</sup> Joseph R. Biden Jr. and Leslie H. Gelb, "Federalism, Not Partition," *Washington Post*, October 3, 2007.

Now with every passing week, Iraq's viability depends less on U.S. military might and more on the ability of Iraq's leaders to find an elusive sweet spot between too much and not enough centralization of power.

## **A Brief History of Federalism in the New Iraq**

Iraqi opponents of Saddam Hussein were talking about federalism at least since 1992, when both the Kurdish parliament and the dissident Iraqi National Congress endorsed it as the most promising basis for a future democracy in Iraq.<sup>4</sup> In 2002, the Democratic Principles Working Group of the U.S. Department of State's "Future of Iraq" project debated many alternative forms and degrees of decentralization, but agreed that federalism should become "a cornerstone of the new Iraqi body politic."<sup>5</sup> The Bush administration then adopted the mantra of federalism during the Coalition Provisional Authority's (CPA) reign over Iraq in 2003–2004. CPA administrator L. Paul Bremer advocated decentralization of power to Iraq's existing eighteen provinces.<sup>6</sup>

Overshadowing all of the policy and academic debates on federalism at that time was the long-standing de facto autonomy of Iraqi Kurdistan. Whatever structural solution was to prevail would need to account for the decentralized authority the Kurds had already claimed for themselves. And so, when Iraq adopted its constitution in 2005, Kurdish autonomy was enshrined in the form of a powerful "regional" government that would have the authority to raise its own "internal security" forces and hold legal primacy over the federal government on any issue not enumerated in the constitution as an exclusively federal power. The constitution's division of power between the federal government and the provinces—as opposed to regions—was much murkier, with language allowing for conflicting interpretations of what the provinces could and could not do.<sup>7</sup>

Perhaps the most controversial aspect of the constitution's formulation of federalism was not its recognition of the Kurdistan Regional Government (KRG), but its provision that any province or combination of provinces would also be allowed to form regional governments that would enjoy the same status as the KRG. For many, especially Iraq's Sunni Arab minority, this looked like a formula for disintegration, not decentralization. Even supporters of decentralization found this medicine too strong. Influential Iraqi dissident Kanan Makiya saw the constitution as "unwittingly paving the way for a civil war that will cost hundreds of thousands of Iraqi lives."<sup>8</sup>

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<sup>4</sup> Kanan Makiya, "A Model for Post-Saddam Iraq," *Journal of Democracy* 14, no. 3 (July 2003), 5–12.

<sup>5</sup> Future of Iraq Project, *Final Report on the Transition to Democracy in Iraq*, Democratic Principles and Procedures Working Group Report (Washington, DC: U.S. Department of State, November 2002), 91.

<sup>6</sup> Larry Diamond, *Squandered Victory: The American Occupation and the Bungled Effort to Bring Democracy to Iraq* (New York: Henry Holt & Company, 2005), 162–164.

<sup>7</sup> Iraqi Constitution, especially Article 121 on regional powers and Articles 115 and 122 on provincial powers.

<sup>8</sup> Kanan Makiya, "Present at the Disintegration," *New York Times*, December 11, 2005.

Federalism scholar Donald Horowitz complained that “the Iraqi state created by this constitution is probably the weakest federation in the world.”<sup>9</sup>

Three years later, however, nothing like the radical decentralization feared by many has occurred. A smaller-scale version of Makiya’s feared civil war did occur, but it was precipitated by terrorist incitement and militia adventurism, not by constitutionally-sanctioned changes in Iraq’s political structures. Instead, practically all of the big structural questions left hanging by Iraq’s constitution in 2005 remain in limbo.

- Region formation: The legal window for forming new regional governments opened in April 2008. But only one serious—and probably ill-fated—movement is currently underway to create a new region (in Basrah province)<sup>10</sup>, and the leading Shia party, the Islamic Supreme Council of Iraq, seems to have backed away from its earlier advocacy of a nine-province “Shiastan” region.
- Disputed territories: Deadlines to determine the status of Kirkuk and other disputed territories on Kurdistan’s fringes have been repeatedly missed, and tensions over these issues are about as high as they have ever been.
- Hydrocarbon laws: A legal framework for ownership, management, and distribution of Iraq’s oil and gas resources has been stalled in the parliament for almost two years.
- Power sharing mechanisms: The three-person presidency council, which has effectively provided veto power to representatives from all three of Iraq’s major ethno-sectarian communities, is scheduled to expire with the next parliamentary elections, after which the presidency will be filled by a single person. The Federation Council, a second house of parliament with representation balanced by province rather than by population, is mandated by the constitution but has never been established.
- Provincial powers: Legislation somewhat clarifying the relationship between provincial and federal governments was narrowly approved in March. However, the law seems to have raised as many questions as it answered.<sup>11</sup>

Meanwhile, the prevailing trend of the last few months appears to be toward greater centralization of power in Baghdad, specifically in the office of Prime Minister Nouri al-Maliki. Maliki has increasingly brought the army under his direct control, in some cases circumventing

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<sup>9</sup> Donald Horowitz, “The Sunni Moment,” *Wall Street Journal*, December 14, 2005.

<sup>10</sup> Reidar Visser, “An Initiative to Create the Federal Region of Basra is Launched,” November 11, 2008, [www.historaie.org](http://www.historaie.org).

<sup>11</sup> See Michael Knights and Eamon McCarthy, *Provincial Politics in Iraq: Fragmentation or New Awakening*, Policy Focus #81 (Washington, DC: The Washington Institute for Near East Policy, April 2008), 34–35; and Jason Gluck, *From Gridlock to Compromise: How Three Laws Could Begin to Transform Iraqi Politics* (Washington, DC: U.S. Institute of Peace, March 2008), <http://www.usip.org/publications/gridlock-compromise-how-three-laws-could-begin-transform-iraqi-politics>.

the normal chain of command and in others holding onto control of security in areas where the army was supposed to have transferred leadership to local police under the command of provincial governors.<sup>12</sup> Maliki used the army effectively in a series of spring and summer operations, though some of those appear to have targeted not only criminals and insurgents, but also political rivals of Maliki's Da'wa party.<sup>13</sup> Additionally, Maliki has slowed efforts to integrate the largely Sunni militia members known as the "Sons of Iraq" into more official Iraqi security forces or other jobs and vocational training programs.<sup>14</sup>

He has also established "tribal support councils," which are ostensibly meant to play a role similar to that of the tribal "Awakening" groups that helped pacify Anbar province and other areas in Iraq's central and northern areas. But in practice, the groups look much more like patronage networks, receiving funding from the federal government in exchange for political loyalty to Maliki and Da'wa.<sup>15</sup>

In sum, it is clear that both centrifugal and centripetal forces tug at the fabric of the Iraqi state. Less clear is what kind of balance between the two is most likely, or even feasible, to emerge. And for those seeking a stable and democratic Iraq, what kind of balance would be best?

### Three Scenarios

One challenge in determining which federal future would be best for Iraq is that every path is marked by both significant potential benefits and significant risks. A second is that Iraq has no real history of democracy that might otherwise provide a guide to which kinds of institutions are workable and which kinds are not. Skeptics would say that this history does indeed provide a good guide to the future of Iraqi democracy, foretelling that democracy is doomed to failure there. To be sure, the deck is stacked against Iraqi democracy. Its ethno-sectarian divisions, concentrated oil wealth, history of serial dictatorships, and distinctly undemocratic Middle Eastern neighborhood all pose formidable obstacles to development of pluralism and representative political institutions.

On the other hand, history need not be destiny. Lessons of federalism and power-sharing from the history of democracies in other multi-ethnic, post-conflict states can provide some clues

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<sup>12</sup> Knights and McCarthy, *Provincial Politics in Iraq: Fragmentation or New Awakening*, 21–24; and Toby Dodge, "Iraq and the Next American President," *Survival* 50, no.5 (October–November 2008), 41.

<sup>13</sup> For example, see Charles Levinson and Ali A. Nabhan, "Iraqi Official: Fair Vote in Danger," *USA Today*, August 15, 2008.

<sup>14</sup> For example, see Richard A. Oppel, Jr., "Iraq Takes Aim at Leaders of U.S.-tied Sunni Groups," *New York Times*, August 22, 2008; Shawn Brimley and Colin Kahl, "Baghdad's Misguided Crackdown on the Sons of Iraq," *Los Angeles Times*, August 26, 2008; and Scott Peterson, "An Uncertain Future for the Sons of Iraq," *Christian Science Monitor*, October 3, 2008.

<sup>15</sup> For example, see Open Source Center (OSC), *Iraqi PM Pushes Tribal Councils Over Local Officials' Objections*, OSC Analysis (Washington, DC: OSC, September 5, 2008); and Charles Levinson and Ali A. Nabhan, "Iraqi Tribes Caught Between Rival Shiite Parties," *USA Today*, October 20, 2008.



about Iraq's potential evolution.<sup>16</sup> Of the many alternative futures that Iraq may experience in the coming few years, three scenarios stand out and together provide a window into the merits and risks of centralization versus decentralization of power: ethno-sectarian devolution, provincial devolution, and "Baghdad Rules."

### **Ethno-sectarian Devolution**

Recommendations to devolve power to Shia, Sunni, and Kurdish communities<sup>17</sup> proceed from the premise that those three communities will be incapable of sharing any but the most essential national powers for the foreseeable future. Exhibit A in the case for ethno-sectarian devolution is the fact that half of it is already a fait accompli in the form of the KRG. Exhibit B is the brutal Sunni-Shia violence that engulfed Baghdad and other parts of central Iraq during 2006 and 2007, resulting in tens of thousands of deaths and a few million refugees and internally displaced persons.

The problems with this scenario, however, are legion. First, Iraq's oil reserves, which constitute more than 90 percent of its income, are concentrated in two provinces, not distributed evenly. Decentralization thus poses some risk to the ability of the federal government to enforce equitable distribution of the nation's wealth.<sup>18</sup>

The second problem is that Iraq's three major communities are not as geographically contiguous as is often assumed. Roughly a third of Iraq's population, for example, resides in three large and heterogeneous cities of Baghdad, Mosul, and Kirkuk. This fact gives rise to the third problem, that of potential discrimination against large groups of minorities in the hypothetical Sunni- and Shia-governed regions.

The fourth problem is that the premise of political legitimacy based on ethno-sectarian identities is seriously flawed, at least among Arab Iraqis. These identities are clearly important, but they coexist with other cross-cutting identities, such as tribal, class, rural, and urban. Moreover, Iraqi nationalism is a strong and growing force among the Iraqi people, many of

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<sup>16</sup> The literature on this topic is vast, but two very recent collections of essays directly address its applicability to Iraq: Sujit Choudhry, ed., *Constitutional Design for Divided Societies: Integration or Accommodation?* (Oxford: Oxford University Press, 2008) and Reidar Visser and Gareth Stansfield, eds., *An Iraq of Its Regions: Cornerstones of a Federal Democracy?* (New York: Columbia University Press, 2008).

<sup>17</sup> See Joseph R. Biden Jr. and Leslie H. Gelb, "Unity Through Autonomy in Iraq," *New York Times*, May 1, 2006; Chaim Kaufmann, "Separating Iraqis, Saving Iraq," *Foreign Affairs*, July/August 2006; Edward P. Joseph and Michael E. O'Hanlon, *The Case for Soft Partition in Iraq*, Analysis Paper No. 12 (Washington, DC: The Saban Center for Middle East Policy at the Brookings Institution, June 2007, Peter W. Galbraith, *Unintended Consequences: How War in Iraq Strengthened America's Enemies* (New York: Simon and Schuster, 2008).

<sup>18</sup> This is the best known, but probably least important of the obstacles to successful ethno-sectarian devolution. Even under a decentralized system, the federal government would need to retain ownership of oil revenue in order to ensure its equitable distribution. Moreover, recent discoveries of major hydrocarbon deposits in the deserts of Sunni-dominated Anbar province offer at least some hope of more balanced access to natural resources across Iraq's communities. See James Glanz, "Iraqi Sunni Lands Show New Oil and Gas Promise," *New York Times*, February 19, 2007.

whom are tired of sectarian violence, frustrated with pious but incompetent religious political parties, and deeply mistrustful of Iran. In polls conducted over the past four years, roughly seven of ten Iraqis say they oppose a three-way division of the country.<sup>19</sup>

The prospect of malign Iranian influence in Iraq illustrates the fifth problem with ethno-sectarian devolution. An Iraq that is structurally divided among Sunnis, Shia, and Kurds is much more likely to serve as a platform for competition among regional players than as an independent actor capable of balancing other powers in the Gulf. In particular, theocratic-leaning patrons of Iraqi factions in Saudi Arabia and Iran may be empowered, a dynamic most Western governments have been keen to avoid.

Finally, strongly aligning Iraq's political institutions with its ethno-sectarian identities is likely to entrench the efficacies of those identities in Iraqi politics and lock in the zero-sum nature of competition that has generated so much instability. Many fear a replay of Lebanon's experience of civil war and perpetual instability under a government organized according to a division of spoils among sectarian communities. Beyond the Middle East, history paints a relatively grim picture of federalist systems built on ethno-sectarian foundations.<sup>20</sup> Nigeria's post-colonial experiment with it in the 1960s ended with the Biafran War and hundreds of thousands of slaughtered civilians. Pakistan's attempt at ethnic federalism suffered a similar fate in 1971 with the secession of East Pakistan, now Bangladesh. In Bosnia, ethnic federalism succeeded in ending its civil war, but more than ten years later, Bosnian politics remain highly dysfunctional and dependent on external supervision. There are successful examples of ethnic federalism, but Belgium, Switzerland, and Canada seem remote models, indeed, for Iraq today.

For a host of reasons, then, in the search for a stable, democratic Iraq, ethno-sectarian devolution of power looks more like a last resort than a desirable destination.

### **Provincial Devolution**

The form of decentralization most feared by Iraqi nationalists is the one predicated on creation of new regional governments. But Iraq's existing eighteen provincial governments, by contrast, are not nearly so empowered by the constitution. The precise division of power between federal and provincial governments remains somewhat ambiguous legally, while in practice, the federal government generally maintains the upper hand in provincial governance.

Clarifying and strengthening provincial powers offers some advantages over regional decentralization. First, unlike any prospective new regions, provinces are already coherent political entities. Today's provincial identities and boundaries have been constant for over thirty

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<sup>19</sup> Gary Langer, "Security Gains Reverse Iraq's Spiral Though Serious Problems Remain," ABC News/BBC/NHK/ARD National Survey of Iraq, March 17, 2008; and Oxford Research International, "National Surveys of Iraq," 2005.

<sup>20</sup> Henry Hale, "Divided We Stand: Institutional Sources of Ethnofederal State Survival and Collapse," *World Politics* 56, no. 2 (January 2004): 165–93.

years and have been relatively stable since Iraqi independence in 1932.<sup>21</sup> Second, the provinces have two other potentially advantageous characteristics: there are a lot of them; and their demographics are a mixture of homogeneity and heterogeneity.

Together, these two features have the potential to moderate the worst effects of ethno-sectarian conflict. Devolving authority to provinces would create a more diffuse set of power centers, relocating the focus of political competition and activism away from Baghdad, and reducing the spoils of victory for demagogues capable of rousing the masses with narratives of national domination or sectarian grievances. In homogeneous provinces, such as Anbar or Maysan, stronger provincial powers will encourage development of intra-sectarian political party competition. And in heterogeneous provinces, such as Ninewah or Baghdad, stronger provincial powers offer the possibility of fostering habits of cross-sectarian politics in an environment where issues are less existential than at the national level. So provincial devolution may simultaneously decrease incentives for sectarian solidarity, strengthen the salience of provincial political identities, and counteract the poisonous zero-sum tendencies of current national politics.

There are no models of this kind of federalism that fit Iraq's circumstances perfectly. There are, however, a few important instances where multi-ethnic states have backed away from their legacies of ethnic conflict through devolving some power to a mix of homogeneous and heterogeneous sub-units. India's federal system, with twenty-eight states and seven territories, has mostly suppressed ethnic conflict in a highly diverse democracy. Post-apartheid South Africa's nine non-ethnically-based provinces have contributed to a weakening of ethnically-based political parties. Malaysia's federation of thirteen states and three territories has fairly effectively managed Malay-Chinese conflict there, though Malaysia's central government remains relatively strong and its democracy weak. Also, while Nigeria's federal democracy is far from a shining example of stability or democratic governance, its current experiment with equitable distribution of oil and gas revenues across thirty-six states may offer a barometer for the sustainability of provincial decentralization in a multi-ethnic oil state.

This path also has its risks, of course. One risk is that provincial devolution will overshoot its target of balancing federal and provincial powers, and lead to the fragmentation of the state. A second is that provincial governments will be unable to effectively shoulder greater responsibilities for basic governance. The necessary infrastructure, bureaucracies, technocratic skills, and political culture that would support this kind of decentralization are sparsely and inconsistently distributed around Iraq. So far, performance of provincial governments in the post-Saddam era has not been impressive. With greater and more equitable allocation of federal resources, and with an infusion of new leadership from the upcoming elections, perhaps provincial governments could succeed in taking on a greater role in governance. But this is not assured, and a continuation of poor governance in Iraq might only exacerbate the government's

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<sup>21</sup> See "Province of Iraq," Statoids website, <http://www.statoids.com/uiq.html>.

deficit of legitimacy and further encourage the activism of militias, insurgents, and other competitors for local sovereignty in Iraq.

### **Baghdad Rules**

The third scenario is one where decentralization does not occur at all, but instead, political power is consolidated in Baghdad and the institutions of the federal government. This is the model of governance that has prevailed in Iraq since its emergence as a separate political entity ninety years ago. Unified, centralized power also prevails in various forms with all of Iraq's neighbors.

Centralization does offer some benefits. A unified federal government with all of the country's capabilities at its disposal is probably in a better position to secure its borders and maintain stability than a more decentralized one. Similarly, a strong government in Baghdad would likely make a better ally for its friends.

The real questions are whether a highly centralized Iraq is likely to respect human rights, be democratic, or be a friend of the West. The basis for reconciling all of those features would need to be an Iraqi nationalism that both transcends ethno-sectarian divisions and is tolerant of the West's secular, modernizing influences in the region. Such nationalism is certainly present throughout Iraq. But it is far from dominant or universal. Moreover, the political parties that best embody non-sectarian Iraqi nationalism, such as Ayad Allawi's Iraqi National List and some of the tribal awakening movements, tend not to be especially well organized or funded.

Historical experience with centralized power in democratizing multi-ethnic states is not encouraging. Under Sudan's short-lived 1956 post-colonial constitution, northern Arab Muslims' attempts to centralize their dominion over southern Christian and animist blacks initiated decades of near-constant civil war. In Sri Lanka, majoritarian democracy dominated by Sinhalese has fostered decades of persistent civil conflict with the country's Tamil minority. Yemen seems to have overcome its history of ethnic conflict by centralizing power, but democracy there is badly weakened by one-party rule. Moreover, Yemen's Sunni-Shia divisions have never been as volatile as Iraq's have become in the past five years.

In Iraq, the risks of too much centralization flow from two related potentialities. The first is that the central government—whether under Maliki, another prime minister, or perhaps a military junta—successfully uses its power to marginalize opposition and undermine democracy. This outcome would be a familiar one for Iraq and for the region. The second is that the government's efforts to centralize power could reignite violent resistance to the government, prompting a slide back into the experience of 2006 or even worse.

### **The Path Ahead**

As noted, there are strong signs that centralization is the path Iraq is currently traveling. On the surface, this development has appeared as a godsend, marking the emergence of a

government finally capable of maintaining order within its own boundaries. The United States and its Coalition allies have supported the strengthening of Maliki's hand, and for good reason. Not long ago, Iraq teetered on the brink of chaos, and it is hard to be anything but grateful for the reductions in violence that have eased terror's grip on Iraq. Nevertheless, unchecked centralization portends trouble. It may buy stability, but at the cost of Iraq's hard-won escape from tyranny; or it may ignite the tinder of Iraq's many unresolved internal conflicts and destroy the semblance of stability achieved so far.

Is there a safe path through the thicket? Based on the scenarios presented here, some measure of provincial devolution appears to offer the best hope of reconciling peace, stability, and democracy in Iraq. What does this mean for the United States and the rest of the international community as they shape strategies of engagement with Iraq in the coming months? Above all, they must recognize that there are serious limits to the influence that external parties can bring to bear on internal Iraqi politics; Iraq is no longer a failed state, and ultimately, Iraqis will determine the shape of their state.

Still, the international community can have a significant influence on Iraq's approach to resolving questions of political structure and centralization. In shaping that influence, it would do well to focus on four key objectives.

- Managing the two most dangerous flashpoints for renewed sectarian conflict—the status of Kirkuk and the transition of the Sons of Iraq—must remain the primary diplomatic and military objectives for the United States and its partners.
- It is very important that the upcoming round of provincial and national elections are perceived as relatively free and fair, and are followed by peaceful transfers of power. The United States, the United Nations, and Iraq's neighbors should do as much as possible to ensure that the necessary legal, legislative, and security foundations for these elections and their follow-through are in place.
- The United States and its partners should continue and expand, if possible, their efforts to build governance capacity below the federal level.
- The time has come for the United States to incorporate a scheme of carrots and sticks into its strategic-level relationship with Maliki's government; specifically, it should make major elements of American military and financial support conditional on Maliki's good faith efforts to pursue the objectives and priorities identified here. Up to this point, policy makers have judged the potential benefits of conditionality to be outweighed by the risks of withdrawing support from a very fragile government. But today, the calculus must change to reflect a changed environment. Iraq's fragility is not just a function of Baghdad's weakness, but also of Baghdad's potential for overreaching. There is no question that U.S. leverage in Iraq is in decline. But this decline could generate a counterintuitive benefit. As the U.S. role recedes, its threats to withdraw support gain

credibility and will thereby offer greater opportunities to influence the behavior of Iraq's leaders than will the disposition of Coalition combat forces.

Iraq faces formidable challenges to its stability and security no matter which shape its political structures ultimately take, but the greatest risks lie in the extremes of too much and too little decentralization. Achieving the right distributions of power across Iraq's political institutions will require a delicate and sustained balancing act by Iraq's leaders and their allies. But pursuing this balance offers the best hope for salvaging a peaceful future for the people of Iraq and a measure of success for the U.S.-led effort to transform Iraq.

## Appendix A

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## **Appendix B**

### **Abbreviations**

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CPA

Coalition Provisional Authority

KRG

Kurdistan Regional Government

OSC

Open Source Center



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14. ABSTRACT  When it comes to Iraqi politics, almost everyone speaks the language of federalism. But the term conceals deep disagreements over the proper distribution of power and resources. With dramatic improvements in Iraq's security environment in 2008, calls to partition the country receded. Indeed, concerns about over-centralization of power in Baghdad came to rival concerns about fragmentation. But whatever the balance of concerns, it is clear that fundamental questions about the structure of the Iraqi state remain unresolved. Will any more semi-autonomous regions like Kurdistan be formed, as the constitution allows? How exactly will power be divided across federal, regional, and provincial governments? Who will control and manage which parts of Iraq's oil wealth? And most important, when the answers to these questions reveal themselves, will they add up to a future for Iraq that is stable and democratic? This paper examines three alternative scenarios for the future of the Iraqi state and argues that measured devolution of power to Iraq's provinces – a sweet spot between too much and not enough centralization – offers the best hope of reconciling peace, stability, and democracy.					
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